



Finance and Administrative Services Department
Revenue and Budget Division
1000 Englewood Parkway
Englewood, CO 80110-2373

www.engagewoodgov.org/sales-tax

Email: RevenueDiv@engagewoodgov.org

Sales, Use and Lodger's Tax Guide

The City of Englewood is a home rule city that has the authority to administer and collect its own taxes.

This guide provides general information regarding the City of Englewood's sales and use taxes. Included is a general description of each tax, types of transactions, what is taxable or exempt, and procedures for remitting taxes.

This guide is not all-inclusive and its contents in no way supersede or amend the Englewood Municipal Code (EMC) section Title 4, Chapter 4 Sales and Use Tax.

For additional questions or clarification please contact the **Revenue and Budget Division** by email at RevenueDiv@engagewoodgov.org.

Who is required to have a City of Englewood sales tax license? (EMC 4-4-4-4)

If your business sells tangible personal property, makes retail sales and/or sells taxable services within the boundaries of the City, you must obtain a City of Englewood sales tax license. Taxable services include (but are not limited to) the furnishing of telecommunication, electricity, steam heat or gas.

A sales tax license is proof that a business is registered with the City of Englewood. A business issued a State of Colorado resale certificate is authorized to make tax-free purchases of merchandise for resale.

If you need to apply for a City of Englewood sales and use tax license, please access the MUNIREvs system via <https://engagewood.munirevs.com>.

What is the City of Englewood sales tax? (EMC 4-4-4)

It is a local sales tax to be collected and remitted by the seller. The tax is imposed upon the purchase price

of all retail sales and purchases of tangible personal property when delivery takes place within the boundaries of the City.

The term "sale" includes but is not limited to: the acquisition for any consideration by any person of tangible personal property or taxable services that are purchased, leased, rented, sold, used, stored, distributed or consumed. These terms include capital leases, installment and credit sales. It excludes a bona fide gift of property or services.

The purchase price includes: 1) Money received or due in cash and credits; 2) Property at fair market value in exchange but not for resale; 3) Any consideration valued in money, such as coupons or trading stamps whereby the manufacturer or someone else reimburses the retailer for part of the purchase price.

Please Note: Sales tax is a retail point-of-purchase tax that is paid by the purchaser for taxable goods and services and collected by the seller. It is considered a **trust-fund tax**. A trust-fund tax is a special type of tax where the seller, the person or entity who is liable for the tax, obtains it from another party (purchaser). The seller holds the tax until it is due to the particular government. A trust-fund tax is a type of tax or debt where the management or responsible employees of a corporation or other entity with limited liability can be held **personally liable** for its non-payment.

What is the City of Englewood use tax? (EMC 4-4-5)

Use tax is similar to the City's sales tax. Use tax is imposed when the following four conditions are met:

- 1) The item purchased is tangible personal property stored, used or consumed within the boundaries of the City. In other words all items subject to the City's sales tax.
- 2) The buyer is the final buyer.
- 3) The item would be subject to sales tax.
- 4) The seller did not collect Englewood sales tax or its equivalent rate at the time of sale.

A credit will be granted against the City's use tax for any lawfully imposed municipal sales tax paid at the time of purchase. The amount of the credit shall not exceed 3.5% (.035) and shall not include any county or special district taxes.

The City of Englewood, by policy, does not assess use tax on shipping, setup, installation and delivery charges if stated separately on the invoice.

Tax Base and Rate / Computation of the Tax

The City of Englewood sales and use tax rate is 3.5% (.035). This rate is applied to all taxable retail purchases as previously defined.

What is the City of Englewood Lodger's tax? (EMC 4-4-4-1C and 4-4-4-2B2)

Lodger's Tax is 2% (.02) of the rental fee, price, or other consideration paid or received upon the short-term (less than 30 days) rental or lease of any room, rooms or mobile homes for lodging purposes made available to the public in any hotel, motel, lodge, resort, club, rooming house, apartment building or other establishment.

RECORD KEEPING (EMC 4-4-4-6)

You must keep records of all of your business transactions to enable both you and the City to determine the sales and use taxes for which you are liable. The records need to be retained and available for at least three years from the transaction date. These records must include (not an all inclusive list):

- ✓ complete, accurate beginning and ending inventories
- ✓ purchase receipts
- ✓ sales receipts
- ✓ invoices
- ✓ dated delivery acceptance receipts showing location
- ✓ bills of lading
- ✓ lease agreements
- ✓ fixed assets and depreciation schedules
- ✓ all other account books and documents pertaining to the business

If you make **nontaxable sales** to other retailers, wholesalers or exempt organizations, please retain copies of their sales tax license or exemption certificate.

RETAIL SALES TAX (EMC 4-4-4)

Examples of Taxable Transactions

Sales tax is calculated on:

- ▶ The purchase price paid or charged on all retail sales, purchases or rental of tangible personal property and taxable services sold within and delivered within the City boundaries. Taxable items include non-custom computer software, upgrades to non-custom computer software and the sale or furnishing of telecommunications services, electricity, steam heat or gas.

- ▶ The amount paid for all meals, including cover charges, if any, furnished in any restaurant, eating house, hotel, drugstore, club, resort or such place at which meals or food are sold to the public.
- ▶ The rental fee, price, or other consideration paid or received for the rental or lease of any room, rooms, or mobile home for lodging purposes in any establishment making such available to the public.

Exemptions to City of Englewood Sales Tax (EMC 4-4-4-3)

- Nontaxable Services
- Goods shipped outside the City limits by common carrier or the seller's authorized agent
- Sales to licensed resellers for resale in the normal course of business
- Certain medical supplies dispensed by prescription or written directive
- Drugs dispensed by prescription
- Prosthetic devices
- Hearing aids
- Prescription eyeglasses (including frames) & contact lenses
- Motor fuel (gasoline, propane etc.) for internal combustion engines
- Newspapers, periodicals & magazines
- Food, food products, drinks & confections, for home consumption, when sold in the same form, condition, quantities and packaging as is commonly sold by grocers.
- Purchases by religious, charitable and eleemosynary organizations made for regular functions and activities are not taxable. The organization must have a valid **state exemption certificate**, and pay for the purchase with organization funds.
- Sales to the United States government; to the State of Colorado, its departments or institutions and to the political subdivisions thereof, in their governmental capacity only; in all sales to the City; providing that no commercial, industrial or other banking institution, organized or chartered by the United States government, any agency or department thereof, or by the State of Colorado, shall be considered a governmental institution for the purpose of this exemption.

Please Note: sales of building materials or supplies to be used by a contractor for the construction of an improvement to any of the above exempt institutions or agencies are **not exempt**.

The City of Englewood does not issue exemption certificates. The City honors exemptions issued by the State of Colorado for government, religious and charitable organizations (EMC 4-4-4-3B) and the Standard Municipal Home Rule Affidavit of Exempt Sale form completed by the organization. The City does NOT have an exemption for building materials, supplies or manufacturing equipment. Building materials may be exempt from sales tax if a building permit and receipt of city use tax paid is provided.

SPECIAL SITUATIONS

Selling at Retail and Performing a Service

When sales of tangible personal property and services are listed separately on a bill, the sales tax does not apply to the service portion. If the items are not listed separately, the sales tax applies to the full amount of the invoice.

Example: A repair job includes labor charges and replacement parts. If stated separately on the bill, only the amount charged for parts is taxable. If the job is billed as one amount with everything included, the entire amount is taxable.

Maintenance Contracts

On large pieces of equipment, computers, and copiers etc. vendors frequently sell maintenance or service contracts. If replacement parts are covered in the agreement, only the portion applicable to parts is taxable if stated separately. If parts are covered and not stated separately, the entire invoice is taxable.

Software Maintenance

Software maintenance agreements commonly include updates and upgrades. The upgrade/update portion is taxable. If the upgrade/update portion is not stated separately, the whole invoice is taxable.

Renting/Leasing of Equipment

Leasing or rental of equipment is considered the same as a sale and the lessor shall collect sales tax on the rental fee paid.

Short Term Lodging

Rental of short term living accommodations (less than 30 days) are subject to 3.5% (.035) sales tax **and** 2% (.02) lodgers tax. Examples are short term lodging at hotels, motels and mobile homes.

For long term lodging, there should be a written rental agreement stating the rental period.

Manufacturing

Purchase of machinery, equipment and supplies used or consumed by manufacturers and fabricators are subject to the retail sales tax or the use tax.

Leasing Space in Your Store to Others/Consignment Sales

Occasionally businesses will lease some of their space for sale of taxable goods to another business or individual. When this occurs, the person or business collecting money on the sales is also responsible for collecting and remitting applicable sales taxes.

INSTRUCTIONS FOR COMPLETION OF THE RETAIL SALES AND USE TAX FORM

As required according to the EMC under Title 4 and Title 5, effective **January 1, 2016**, the City of Englewood imposed a **\$25.00** fee for each license application, tax or transaction fee remittance received in paper format and requiring in-office processing.

When is the return due?

The due date for the return is based on the account's filing status (reporting period). The return is due on the 20th day following the reporting period, that is monthly, quarterly or annually, for example:

Filing Status	Reporting Period	Due Date
Monthly	February	3/20/yyyy
Quarterly	April-June	7/20/yyyy
Annually	January-December	1/20/yyyy

What to do when no taxes due?

A sales tax return must be filed every reporting period, even if no tax has been collected or no tax is due. Failure to file will result in non-filer penalties.

Line 1 - Gross Sales & Service: Enter the total amount of sales and service for the period. **Please do not include sales tax collected.**

Line 2A - Bad Debts Collected: Enter any taxable bad debts collected that were written off on line 3D of previous returns.

Line 2B - Total of Lines 1 & 2A

Deductions

Line 3A - Non-taxable Service: Enter the amount of non-taxable services (labor, service charges) included in **Gross Sales & Service** (line 1)

Line 3B - Sales for Resale: Enter the amount of sales to customers for the purpose of resale. *Obtain copies of the Standard Municipal Home Rule Affidavit of Exempt Sale form completed by the purchaser and Colorado resale certificates and keep them on file for*

verification purposes. If you do not obtain these documents, sales tax must be charged.

Line 3C - Shipped Out of City: Enter the amount of sales that you shipped to customers outside of the City of Englewood.

Line 3D - Bad Debts: Enter the amount of taxable sales that you reported to the City as taxable on a prior period sales tax return which have since proved to be uncollectable.

Line 3E - Trade-ins for Resale: Enter the dollar amount of credit allowed on goods which were taken in trade for later resale.

Line 3F - Gas & Cigarettes: Enter the amount of sales for fuel used to operate internal combustion engines and the amount for cigarettes. **Please Note:** *The sale of any tobacco product which is not a cigarette (that is pipe tobacco, cigars and chewing tobacco) is taxable.*

Line 3G - Gov., Religious & Charitable: Enter sales to government, religious and charitable organizations as defined in the exemption section. Obtain copies of the *Standard Municipal Home Rule Affidavit of Exempt Sale form* completed by the organization and a copy of their *Colorado exemption certificate*. If you do not obtain these documents, sales tax must be charged.

Line 3H - Returned Goods: Enter the amount of returned goods that were reported as taxable on a prior sales tax return.

Line 3I - Prescriptions: Enter the amount of medicines, prosthetic devices, eyeglasses and other medical supplies, which require a physician's prescription.

Line 3J - Other Deductions: Enter the amount of goods and or services which are non-taxable under the Englewood Municipal Code and were not included in other lines. Examples are Lotto sales and sales mistakenly reported as taxable on a previous return.

Line 3K - Groceries: Enter the amount of sales for food products, which qualify as non-taxable.

Lines 3L & 3M: As line 3J above.

Total Deductions: Add up the total deductions from 3A-3M and enter it here.

Line 4 - Net Taxable: Enter the total of gross sales and services less total deductions here (line 2B -Less Total Deductions).

Computation of tax

Line 5A - City Sales Tax: Multiply Net Taxable (line 4) x 3.5% (0.035)

Line 6 - Excess Tax Collected: When you collect more tax during the period than your return shows that tax is reported on this line.

Line 7 - Adjusted City Tax: The total of lines 5A, 5B, & 6.

Line 8 – Effective January 1, 2012 the vendor fee was eliminated.

Line 9 - Total Sales Tax: Line 7.

Line 10A - Amount Subject to Use Tax: Enter the amount of purchases subject to use tax for which no municipal sales tax was paid and multiply by 3.5% (0.035). Items subject to use tax are more fully explained in the earlier section on use tax.

Line 10B – City Use Tax: 3.5% of line 10A

Line 10C – Additional Use Tax: Enter the amount of additional use tax due. This is where you account for a municipal tax paid of less than 3.5% (.035).

Line 10D – Total Use Tax: Add lines 10B and 10C

Line 11A – Lodgers Gross Rentals

Line 11B – Lodgers Tax Due: 2% of line 11A

Line 11C Total Tax Due: Total of lines 9, 10D & 11B.

Line 12A – Sales Tax Penalty: For returns filed after the due date, multiply Line 9 by 10% (0.10).

Line 12B – Sales Tax Interest: For returns filed after the due date multiply Line 9 by 1% (0.01) per month or part of a month from the date due. Interest on late returns begins to accrue on the day after the due date.

Line 12C – Use Tax Penalty: For returns filed after the due date, multiply Line 10D by 10% (0.10).

Line 12D – Use Tax Interest: For returns filed after the due date multiply Line 10D by 1% (0.01) per month or part of a month from the date due. Interest on late returns begins to accrue on the day after the due date.

Line 12E – Lodging Tax Penalty: For returns filed after the due date, multiply Line 11B by 10% (0.10).

Line 12F – Lodging Tax Interest: For returns filed after the due date multiply Line 11B by 1% (0.01) per month or part of a month from the date due. Interest

on late returns begins to accrue on the day after the due date.

Line 13 - Total Tax, Penalty & Interest: Total of lines 9, 10D, 11C, and lines 12A-12F.

Line 14 – Add & Deduct: Only use this line if notified by the City

Line 15 - Total Due & Payable: Total of lines 13 & 14. This is the amount of tax due and payable for the period.

Name – Signature of person preparing return.

Title – Title of person preparing return.

Date – Date return was signed.

US POSTAL ZIP CODE

The US Postal Service assigns Zip Codes based on the US Postal Service's sorting criteria.

The City of Englewood shares Zip Codes with other jurisdictions, including:

Zip Code	US Postal Service Area
80150 & 80151	City of Englewood's Main Post Office and Annex Post Office
80110 & 80113	City of Englewood, City of Sheridan and City of Cherry Hills Village
80111 & 80112	Unincorporated Arapahoe County, Unincorporated Douglas County, City of Greenwood Village and City of Centennial

Please collect and remit sales tax for addresses with the following Zip Codes: **80110, 80113 (excluding the City of Sheridan and the City of Cherry Hills Village), 80150, and 80151.**